RECEIVED

DOCKET FILE COPY ORIGINAL DEC 17 1997

Federal Communications Commission
Office of Secretary

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

97-249
97-250

In the Matter of	)	
	)	
Support Material for Carriers to File	)	DA 97-2358
to Implement Access Charge Reform	)	DA 97-2345
Effective January 1, 1998	)	

REPLY COMMENTS OF THE SPRINT LOCAL TELEPHONE COMPANIES

On November 26, 1997, the Sprint Local Telephone Companies ("Sprint LECs") filed the tariff review plan ("TRPs") required to implement the Commission's Access Reform Order[1]. The Sprint LECs hereby respectfully submit the following replies to comments filed in response to the November 26, 1997 letter filing.

To begin, both MCI and AT&T[2] have questioned the proper assignment of line-side port costs. In the *Access Reform* order[3], the Commission authorized the reassignment of all line-side port costs from local switching to common line. However, in their respective comments, AT&T and MCI claim that the ILECs have understated the line port cost reallocation. AT&T and MCI maintain that the percentage of line card costs to total switching costs should instead be applied to the total local switching revenue.

The Sprint LECs assert, however, that applying a cost percentage to a revenue amount does not result in a cost-based reallocation of line port costs. Rather, the implementation of the methodology proffered by these commenters would permanently assign a portion of the difference between current revenues and actual

[1] *In the Matter of Access Charge Reform*, First Report and Order, CC Docket No. 96-262, released May 16, 1997.
[2] MCI Comments at p. 2; AT&T Comments at p. 11.
[3] *Id.* at paragraph 125.

line port costs to the common line basket defeating completely the goal of access reform which is, of course, to require the cost-causer to be the cost-payer. The Sprint LECs urge the Commission to reject this proposal to regress a non-cost based reallocation of line-side port costs. The relevant percentage of line-side port costs should instead be applied to the current local switching revenue requirement.

MCI alleges that the costs of SS7 and tandem trunk port components should be adjusted to reflect past X factor reductions before they are removed from the tandem revenue requirement[4]. The Sprint LECs agree that the historic SS7 revenue requirement should be adjusted and directs MCI's attention to Exhibit 3-13 (at page 2 of 2) of the December 17th filing which displays this reduction.

The Sprint LECs do not agree, however, that the numbers associated with the tandem trunk port should be adjusted as MCI suggests. Unlike the historic costs linked to SS7, the figure representing the tandem trunk port exogenous amount is based on current costs. Consequently, past X factor changes are already reflected in these costs. No changes to the tandem trunk port costs reflected in the November 26th filing are, therefore, necessary.

AT&T challenges the Sprint LECs' calculation which results in the reallocation of one third of the tandem switch revenue requirement from the TIC[5]. In support of its contention, AT&T offers that the appropriate numbers for use in this calculation should be $26,211, 420 for Total Original Tandem Switch Revenue Requirement and $76,876,116 for Original TIC Revenues. AT&T references Sprint's original LTR transmittal #343 (United Telephone) and #243 (Central Telephone) as the source of this data. While not disagreeing that these transmittals are the best resource for the data desired, the Sprint LECs must differ with AT&T on the numbers gleaned from

---

[4] MCI Comments at pp.7-8.
[5] Exhibit D to AT&T's comments.

same. As part of its December 17th filing, Sprint has included in Exhibit 3-11, the appropriate data taken from LTR transmittals #343 and #243 which reflect, by filing entity, the proper numbers to be used[6]. Using these data, the Sprint LECs' calculation of the LEC reallocation of tandem switch revenue to the TIC is, contrary to AT&T's assertion, correct.

AT&T next highlights the fact that the Sprint LECs targeted 80% of the new tandem multiplexing charges for removal from the tandem revenue requirement[7]. AT&T suggests that this calculation was made in error. The Sprint LECs agree with AT&T that this particular calculation needs adjustment and, in fact, have done so in the December 17th filing. Specifically, Exhibit 3-11 has been revised to eliminate the multiplexing reduction. In addition, Exhibit 3-15 (at page 1 of 2) now reflects the targeting of the tandem multiplexing charge to the TIC.

Carrying forward its review of the TIC transition, AT&T next suggests the addition of a schedule to reconcile the June 30, 1997 TIC revenue to the anticipated January 1, 1998 TIC revenue[8]. The Sprint LECs agree with AT&T's suggestion and will include in the December 17th filing such a schedule for all filing entities, albeit with several modifications to further enhance the usefulness of the schedule. For example, line 285 is added to reflect the FCC's Part 69 change in the recovery of General Support Facilities (some of which should be removed from the TIC). Moreover, three lines have been added to display the exogenous retargeting of line 700, "Excess Targeted TIC", back to the Common Line basket, Traffic Sensitive basket, and Total Retargeted (see, Lines 830, 840 and 850, respectively).

---

[6] At pages 2 - 29.
[7] Sprint LECs' November 26, 1997 filing, Exhibit 3-11, page 3 of 3.
[8] AT&T Comments at pp.26-27.

AT&T questions the amount of retail revenues used by the Sprint LECs to allocate the universal service obligations to the price cap baskets[9]. By way of explanation, the Sprint LECs offer that the revenue amounts utilized in the November 26th filing were those submitted to USAC on Form 457. However, upon review, the Sprint LECs agree that the retail revenues presented for the IX basket have been understated. To correct this situation, the appropriate adjustments have been included in the December 17th filing; specifically, Exhibit 3-1, at page 1 of 2, has been updated to display the new allocation.

Finally, AT&T disputes the level of end user revenues contained in the common line basket. Sprint's review of AT&T's claims leads it to believe that, in developing the column entitled "Overstatement of CL End-User Basket Revenues[10], AT&T has used 1996 demand multiplied by July 1, 1997 rates, instead of actual revenues booked between January and June of 1997. The Sprint LECs maintain that AT&T's use of the July 1st rates as a surrogate is wholly inappropriate. Unarguably, the basis of the allocation of the obligation should be consistent with the basis of the obligation levels themselves. The Sprint LECs' Form 457 contains the appropriate end user revenue levels which should be accepted by the Commission.

---

[9] *Id.* at p.42.
[10] AT&T Exhibit N.

CONCLUSION

The Sprint LECs have, where appropriate, made changes and/or adjustments to the tariff review plan as requested by the carriers. The Commission should accept these changes and, for the reasons described above, give no further consideration to the remaining claims.

Respectfully submitted,

SPRINT LOCAL TELEPHONE COMPANIES

By ____________________

Jay C. Keithley
1850 M Street N.W., 11th Floor
Washington, DC 20036-5807
(202) 857-1030

Sandra K. Williams
P. O. Box 11315
Kansas City, MO 64112
(913) 624-2086

Its Attorneys

December 17, 1997

CERTIFICATE OF SERVICE

I, Melinda L. Mills, hereby certify that I have on this 17th day of December, 1997, served via U.S. First Class Mail, postage prepaid, or Hand Delivery, a copy of the foregoing "Reply Comments of the Sprint Local Telephone Companies" in the Matter of Support Material for Carriers to File to Implement Access Charge Reform Effective January 1, 1998, DA 97-2358, filed this date with the Secretary, Federal Communications Commission, to the persons on the attached service list.

Melinda L. Mills

Melinda L. Mills

* **Indicates Hand Delivery**

Richard Metzger*
Chief, Common Carrier Bureau
Federal Communications Commission
1919 M Street, NW, Room 500
Washington, DC 20554

Wilbur Thomas*
ITS
1919 M Street, NW, Room 246
Washington, DC 20554

Joel Ader*
Bellcore
2101 L Street, NW
Suite 600
Washington, DC 20036

Alan Buzacott
Regulatory Analyst
MCI Telecommunications, Inc.
1801 Pennsylvania Avenue, NW
Washington, DC 20006

Gene C. Schaerr
Scott Bohannon
Carl Wasserman
AT&T Corporation
1722 I Street, NW
Washington, DC 20006

Mark C. Rosenblum
Peter H. Jacoby
Judy Sello
AT&T
295 North Maple Avenue
Room 3245I1
Basking Ridge, NJ 07920

Safir Rammah
AT&T
VIA Fax (703) 691-6314

James D. Schlichting*
Chief, Competitive Pricing Division
Federal Communications Commission
1919 M Street, NW
Room 518
Washington, DC 20554